

Renter's Insurance – the Code Officer's Perspective

Fortunately, we have few structure fires in our community but when we do, all too often, the tenants approach Code Enforcement Employees in the aftermath requesting information on how to contact their landlord's insurance company to file a claim for their lost or damaged property. The quick and, unfortunately, the short answer is your property is not covered by your landlord's policy.

Renter's insurance is one of those things many people skip. They may figure they don't have much to lose if their apartment catches fire or is broken into. More often than we ever would expect tenants believe the landlord's insurance covers their losses. In both cases the tenant is wrong.

Landlords typically insure their buildings, but not the contents or liability of individual tenants. Renter's insurance protects your possessions if your property gets damaged, destroyed or stolen. Policies can also be obtained that give you, the tenant, liability coverage if someone gets injured in your apartment and may even protect you in the event you accidentally set fire to your apartment and the landlord's insurance company sues you for damages, according to the Independent Insurance Agents and Brokers of America, based in Alexandria VA.

About $\frac{3}{4}$ of American homeowners insure their homes and personal property against fire, theft and other damages according to a recent survey by the National Association of Insurance Commissioners. On the other hand, of families that rent 7 in 10 said they did not have renter's insurance and another 5% weren't sure according to an insurance industry survey.

Often people are concerned about the cost of insurance. Renter insurance is as affordable as getting one take-out pizza a month.

The average cost of renter's insurance is \$12/month for about \$30,000 of property coverage and \$100,000 of liability coverage, according to the IIABA.

When purchasing renter's insurance you should consider replacement cost coverage as opposed to actual cash value, the NAIC recommends.

There's a significant difference between the two types of coverage. Actual cash value is the amount it would take for you to repair or replace your damaged possessions after factoring in depreciation. Replacement coverage pays you what it costs to replace the items you lost. Replacement coverage is more expensive than ACV but not prohibitively so.

For parents sending children off to college, check to see if they are covered under your homeowner's policy or rental policy if they are planning on living in an apartment off-campus. Dependents, such as college students are typically covered under their parent's or guardian's policy, according to NAIC. On average, a dependant is covered for up to 10% of the parents policy. However, that coverage may not extend to off-campus apartments. If your student is not covered then you need to think about rental insurance. Think about what could be lost – computers, clothes, stereos, tvs, iPods, cell phones...

Standard rental insurance excludes damage from earthquakes and floods, so you should talk to your insurance agent about coverage. Most policies limit reimbursement for theft of valuable items such as jewelry, art and furs. If you have particularly valuable items in these categories you may need to purchase additional inexpensive coverage.

If you damage the landlord's wall, for example, moving furniture in or out, you could be held liable above and beyond your security deposit. Likewise if a fire starts in your apartment you could be found liable for the entire structure if you are deemed at fault for the incident.

Code Enforcement Officers are not in the insurance business but when we listen, several times each year, to the anguish of tenants, who have suffered losses and been displaced, and then learn their losses are not covered, we hope our efforts to educate our citizens are successful.